Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	

REPLY COMMENTS OF THE INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

Submitted by:

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Summary

The Comments offered by others in this proceeding highlight several issues developed by the Independent Telephone and Telecommunications Alliance (ITTA) in its initial pleading. These matters, which warrant the continuing attention of the Commission as it proceeds further with intercarrier compensation reform, may be summarized as follows:

- **Genuine pro-competitive reform must incorporate a considered and comprehensive program for reduced regulatory intervention in the marketplace.** The Congressional directives for a "pro-competitive, deregulatory national policy framework" cannot be achieved except as the Commission proves willing to scale back on regulation. Other Comments proposing even greater levels of regulatory complexity must be rejected.

- **Regulatory certainty serves the public interest by reducing risk and promoting certainty in commercial transactions.** The Commission has historically recognized the need for such certainty by proceeding in a measured fashion with reforms and by ensuring necessary transitional periods in order to avoid the dislocation of flash-cut changes in policy. The Commission is properly considering in this proceeding appropriate flexibility as a part of the ultimate transitional mechanisms it may adopt herein. Comments suggesting the Commission is not following this path, or that "certainty" requires a return to the *status quo ante* in ISP-bound reciprocal compensation or terminating access matters, are incorrect and should be rejected.

- **Significant shifts in intercarrier cost burdens and cost recovery mechanisms threaten both universal service and future infrastructure investment.** Large increases in end-user rates are already occurring, and could be exacerbated by the results of this proceeding. In parallel, if state regulators prove unwilling to allow such increases to occur, service providers face a prospective inability to get a fair chance at a fair return on their existing investment. This condition would deprive them of both the means and the incentive to make the future infrastructure investment Congress was seeking to promote by adopting the 1996 Act.

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Introduction

The Commission's initial Comment round in this proceeding drew approximately 70 filed responses.[1] This outpouring ensures that the Commission will be treated to a full spectrum of opinions and options with respect to intercarrier compensation and related regulatory reform matters.

But the volume and diversity of this response can also become a problem for the Commission as it attempts to identify, evaluate, weigh, compare, and rank the relative merits of individual arguments and proposals. In these Reply comments, ITTA seeks to facilitate the Commission's task by highlighting selected issues which drew multiple responses (positive and negative) from other participants and which have particular import for midsize companies in these proceedings. These issues encompass the following three matters:

- The continuing need to reduce overall levels of regulatory intervention as an integral part of the ongoing transition to competitive markets;
- The need for clear articulation, flexibility, and measured implementation of changes in regulation, consistent with the principle of regulatory certainty; and

[1] FCC ECFS Comment Search for CC Docket No. 01-92 (as of September 1, 2001).

- The need to assess collective impacts of regulatory change on universal service and infrastructure investment.

As might be expected from so diverse a group of participants, views conflict in many particulars. But in some areas, shared perspectives exist and party positions are occasionally less antagonistic than might be assumed. In choosing among the alternatives, the Commission should continue to be guided by the knowledge that "there are specific questions regarding bill and keep that require further inquiry, and … that a more complete record on these issues is desirable before requiring carriers to recover most of their costs from end-users."[2]

1. Reduced regulatory intervention remains a critical component of competitive reform.

At the outset of the NPRM, the Commission acknowledged that:

> Consistent with the deregulatory goals of the 1996 Act, we seek an approach to intercarrier compensation that minimizes the need for regulatory intervention, both now and as competition continues to develop.[3]

In its Comments, ITTA reviewed the historically demonstrated limitations of regulation as a vehicle for securing competitive markets. However attractive the notion of "managed competition" may have been in the past, the origins of this proceeding – regulatory arbitrage and abuse – demonstrate the inherent flaws of such an approach. As ITTA further noted, this market interference reflects the law of unintended consequences at work through regulations invoked in good faith. This is not a problem of regulators, but

[2] *In the Matter of Intercarrier Compensation for ISP-Bound Traffic,* Order on Remand and Report and Order, FCC 01-131 (rel. April 27, 2001) at ¶ 6 ("*ISP Intercarrier Compensation Order*").
[3] *In the Matter of Developing a Unified Intercarrier Compensation Regime,* Notice of Proposed Rulemaking, CC Docket No. 01-92 (released April 27, 2001) at ¶ 2 ("Intercarrier Compensation Notice"; also denoted "Notice" or "NPRM" in the text.).

rather of regulation. In consequence, ITTA warned against the tendency to substitute new complex regulations for old complex regulations.

This concern is shared to some degree by others, including a non-ILEC which observed that implementation of a COBAK pricing regime would merely create new and different inefficiencies potentially resulting in new opportunities for arbitrage:

> Thus, even assuming there is a problem with arbitrage for ISP-bound traffic, COBAK may simply replace old inefficiencies created by arbitrage with new inefficiencies ("of unknown magnitude") created by arbitrage….[4]

The problem thus identified is not a flaw peculiar to the COBAK analysis *per se*, but rather an inherent flaw of regulatory regimes:

> Again, while even a partial implementation of a uniform regime might promise to reduce, if not eliminate, such problems, the Commission should be mindful of the relative difficulty of policing new versus old loopholes.[5]

Replacing old loopholes with new loopholes (or old complex regulations with new ones) does not advance Commission goals or the public interest. The Congress believed competitive markets required a policy founded equally on "pro-competitive" and "deregulatory" actions.[6] Congressional sentiment continues to favor measured deregulation, as evidenced, for example, by the success of ITTA legislative initiatives on behalf of midsize company members.[7] Diminishing regulation, not merely exchanging regulations, is an essential step toward realization of this goal. Other parties advanced

[4] Comments of Time Warner Telecom at 11 ("Time Warner Comments"). Unless otherwise noted, all citations refer to party Comments filed in this docket on August 21, 2001.
[5] *Id*. Exhibit 1, "Analysis of Central Office Bill and Keep ("COBAK"),"" at 9 (emphasis added).
[6] Conference Report, Telecommunications Act of 1996 (January 31, 1996) at 1 ("S. 652 Conference Report").
[7] Legislation setting out specific deregulatory provisions applicable to midsize companies was passed by the House on March 21, 2001 (HR 496). A parallel bill was introduced in the Senate on August 3, 2001 (S 1359).

similar thoughts in their comments[8] and ITTA encourages the Commission to focus on such an approach in this proceeding.

2. Reduced regulatory intervention remains a critical component of costing and pricing reform.

The need for such focus is emphasized by the distractions being interjected into this docket in several costing and pricing issues. Rather than promoting market-oriented reform, these suggestions seek to perpetuate (if not extend) the reach of regulation in determining what consumers want and how much they should pay for it.

Interexchange carriers, for example, seem intent on using this proceeding to mount yet another collateral attack on the Commission's access charge reform process. The effort this time seeks immediate adoption of forward looking economic costs as the basis for all access charges.[9] The Commission has already declined to prematurely implement "major changes to our access rules," stating:

> The Commission recently sought comment on an industry-sponsored access reform and universal service proposal for all other [non-price cap] ILECs; this plan would, if adopted, be implemented over a five-year period….We recognize that large ILECs, small ILECs and CLECs are all at different stages of the access reform processes that we have carried out over the last five years. We expect that, under current rules and proposed rules, their access rate levels may be much more similar four or five years from now than they are today.[10]

ITTA's non-price cap company members currently await the Commission's determinations concerning the MAG Plan, which apparently will require further

[8] *See, e.g.,* Comments of BellSouth at 2: "By working and manipulating the Commission's rules, carriers could and did profit handsomely by taking advantage of the imperfections in the regulatory processes. As the Commission approaches redefining the rules for intercarrier compensation, it must remain mindful of this experience."
[9] *See* Comments of AT&T Corp. at i, 2-3, 12, 16, etc.
[10] Intercarrier Compensation Notice at ¶ 97.

rulemaking processes.[11] For these companies, the transitional mechanism forming the predicate to further intercarrier compensation changes has not yet been established.[12] The Commission's expressed determination to proceed in measured fashion on access charge reform is thus well-founded.

Contrary to IXC urgings, a FLEC-based access charge solution is no silver bullet. FLEC is not the only proper, lawful, or recognized cost definitional methodology extant.[13] Nor would the use of FLEC eliminate cost-definitional sources of regulatory abuse.[14] ITTA's prior Comments in this proceeding point out the wide variety of cost definitions and economic methodologies currently at work in the setting of ILEC rates: modified embedded costs for rural telephone company universal service purposes, Part 32 "book" costs for rate-of-return ILEC access charges, and various state-defined embedded costs for state end-user ratemaking purposes. Many of these methodologies are beyond the scope of this proceeding and, possibly, of the Commission's jurisdiction. Being thus unimpacted by this proceeding, these disparate cost definitions could generate future arbitrage problems. AT&T's 'consistency,' therefore, would not emerge even under its own proposal.

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[11] *See* FCC News, "FCC Adopts Order to Reform Interstate Access Charge System for Rural Carriers," CC Docket Nos. 00-256, 96-45, 98-77, and 98-166 (released October 11, 2001) (www.fcc.gov/Bureaus/Common_Carrier/News_Releases/2001/nrcc0140).

[12] To paraphrase the Commission (¶ 97), developing an answer to the question, "What comes after MAG?" is doubly difficult when the antecedent question, "What is MAG?" has not been answered.

[13] *See, In the Matter of Federal-State Joint Board on Universal Service,* Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking, CC Docket No. 96-45, 2001 WL 547795 (FCC) (released May 23, 2001), establishing a modified embedded cost methodology for rural telephone companies (¶ 8).

[14] Comments of AT&T Corp. at 15;"Only proper pricing, applied consistently and without unusual exceptions, can discourage regulatory arbitrage.".

AT&T's criticism of the Commission's proposal for bill and keep, on the grounds it would not decrease regulation,[15] is ironic. AT&T itself admits that "B&K would reduce the absolute number of intercarrier charges for which forward-looking costs must be estimated,"[16] thus reducing substantial administrative burdens. End-users charges would increase, but the manner and the complexity of their administration would not. In fact, their administration could be simplified, as the Commission observed:

> Some regimes require extensive regulatory intervention, while others are more market-oriented and thus largely self-administering. Market-oriented solutions may provide more timely adjustments and avoid distortions resulting from incorrect or outdated regulatory decisions…. Certain types of regulatory decisions are especially problematic – e.g., the allocation of common costs among services or users. There is precedent for resolving problems such as common cost allocation, or possible market power in some market segments, by creating a demarcation…. Bill and keep would similarly provide a demarcation between networks, so that regulators need not allocate costs.[17]

AT&T's introduction of FLEC-based pricing and attendant changes, on the other hand, would tend to increase the amount of regulatory intervention required both to implement and then to maintain and monitor this new experimental structure.

ITTA continues to believe that reduced regulation is essential to reduced regulatory abuse. Complex rules, absolutely applied, supply rather than eliminate the interstices through which arbitrage emerges. The prior reciprocal compensation rules now under review by the Commission were not intended to promote arbitrage and other abuses, but unavoidably did so. The new COBAK and BASICS regimes, as several commenters have pointed out, *supra*, are equally liable to unintended manipulation, potentially in ways or directions different from the current rules.

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[15] *Id*. at 5-6: "Thus, any 'deregulatory' virtues of a B&K rule are entirely illusory."
[16] *Id.*

Fewer rules and less complexity, on the other hand, provide less grist for manipulative mills. Reduced regulation forces instead a re-focus and increased reliance on competitive responses to market stimuli. This result serves the public interest and is fully consistent with the desire of the Commission to move (with or without COBAK or BASICS) to a less intrusive regulatory regime.

Necessarily, then, congressional and Commission objectives for deregulation cannot be achieved without active deconstruction of the immense and asymmetrical regulatory edifice erected by the Commission in the past. ITTA concurs in the small ILEC formulation of this issue:

> Our point is not that the commission should refrain from moving towards a bill-and-keep system or other major reforms, but that a major task lies ahead to identify, consider, and resolve the many unknowns that are inevitable with far-reaching changes such as those proposed in the NPRM.[18]

ITTA's Comments clearly describe the difference between static inactivity and circumspect action. We continue to favor the latter, along the lines and for the reasons set out above and in our initial pleading.

Reduced regulation will also increase management flexibility in dealing with the problems of responding to consumer demands. Because reduced regulation permits more latitude, it accommodates the fact that one size does not fit all in the evolution of regulatory policy:

> [W]e often set policies and measure the success or failure of such policies based on the position of the major local and long distance companies. Faced with the momentous task of setting and removing policies on a national scale, we too often rush to address the concerns of the major players and deal with the smaller players as an afterthought, if at

[17] Intercarrier Compensation Notice ¶ 34.
[18] Comments of the National Rural Telecom Association and the Organization for the Promotion and Advancement of Small Telecommunications Companies at 7.

> all. We thereby overlook the many mid-size and smaller companies that are active in the marketplace.[19]

This principle, consistently asserted by ITTA (even before the 1996 Act was adopted), is receiving increased recognition from the Commission in other proceedings.[20] It remains critical here to promoting the market-oriented conduct sought by the Commission and the Congress in the 1996 Act. Coupled with an increased emphasis on enforcement, as Chairman Powell proposed above, reduced intervention will directly promote market-driven conduct by all carriers and thus promote the public interest.

3. The Commission did and should continue to recognize the importance of regulatory certainty.

A number of parties addressed the need for "regulatory certainty" with respect to the progress in and outcome of this proceeding. The principle of regulatory certainty recognizes the underlying commercial nature of the activity being subjected by law to the Commission's jurisdiction. It promotes the public interest directly by reducing risk and thereby facilitating the underlying commercial arrangements through which those expectations are satisfied in the marketplace. When this principle is ignored, undesirable consequences can follow:

> Many businesses, large and small, some broadcast and some cable, are affected by the Commission's interpretation [of the Communications Act]. They have business plans that may depend on the final regulatory interpretation [of the Act]. Absent final rules, no plans can be executed. Absent final rules, aggrieved parties cannot take their complaints about our rules to court for resolution of disputes. For businesses that depend on

[19] "Working Toward Independents' Day," Remarks of Michael K. Powell, Commissioner, Federal Communications Commission, Before the Independent Telephone Pioneer Association (May 7, 1998) at 2.
[20] *See, e.g., In the Matter of 2000 Biennial Regulatory Review Separate Affiliate Requirements of Section 64.1903 of the Commission's Rules,* Notice of Proposed Rulemaking, CC Docket No. 00-175 (released September 14, 2001).

> the FCC to provide regulatory certainty, their worst nightmare is a Commission that refuses to make decisions, good or bad.[21]

The Commission recognized the problem and applied the principle of regulatory certainty in the ISP Intercarrier Compensation Order paralleling the NPRM:

> Our primary goal at this time is to address market distortions under the current intercarrier compensation regimes for ISP-bound traffic. At the same time, we believe it prudent to avoid a "flash cut" to a new compensation regime that would upset the legitimate business expectations of carriers and their customers. Subsequent to the Commission's *Declaratory Ruling*, many states have required the payment of reciprocal compensation for ISP-bound traffic, and CLECs may have entered into contracts with vendors or with their ISP customers that reflect this expectation that the CLECs would continue to receive reciprocal compensation revenue. We believe it appropriate, in tailoring an interim compensation mechanism, to take those expectations into account while simultaneously establishing rates that will produce more accurate price signals and substantially reduce market distortions.[22]

The Commission's acknowledgment and conforming conduct in that Order and in the CLEC terminating access charge proceedings clearly demonstrate an appropriate awareness of the need for and the value of clear guidance in business planning.

It is, therefore, the more surprising that some filings nevertheless asserted that the goal of regulatory certainty "was entirely omitted from the analysis" set out in the NPRM.[23] In light of the above recitations, ITTA finds this assertion wholly implausible, either in the specific instance of the NPRM or in the broader context of intercarrier compensation reform. The Commission's orders to date specifically reflect a concern for clear articulation and direction in policy evolution. As Chairman Powell observed in his separate statement accompanying the NPRM:

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[21] *In Re Carriage of Digital Television Broadcast Signals et al.,* 2001 WL 58919 (FCC), Statement of Commissioner Harold Furchtgott-Roth, Approving in Part and Dissenting in Part (January 25, 2001) at 2.
[22] ISP Intercarrier Compensation Order at ¶ 77 (emphasis added).

> In closing, I would note that these actions, which are the products of intense and long discussions and which will take years to implement, are hardly precipitous.[24]

The process leading to the COBAK and BASICS analyses was both a lengthy and a public one. Indeed, it continues still. Moreover, in the parallel proceedings involving ISP-bound compensation and CLEC terminating access reform, the Commission was careful to recognize the need for regulatory certainty and the impact sudden changes in regulatory regimes could have on market participants.[25] This recognition found expression in the transition periods afforded market participants, as well as in the options and ancillary protections included therein.

In this light, the CLEC position would seem more nearly a desire to recast 'certainty' as a return to the *status quo ante*. But certainty and stasis are not the same thing. The notion that the immediate past reciprocal compensation rules are and always have been fixed stars in the telecommunications heavens will not withstand even cursory examination. In the face of unabated changes in technology, consumer demand, and law, stasis is neither possible nor desirable. Defined properly, regulatory certainty promotes the public interest by minimizing risk and the attendant disincentive to act; it does not frustrate the public interest by obstructing necessary change.

Neither can obstruction of essential change be justified by a fallacious "windfall profits" argument.[26] This argument posits that ILECs already recover the costs of

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[23] Comments of Focal Communications Corporation, Pac-West Telecomm, Inc., RCN Telecom Services, Inc., and US LEC Corp. at 2 ("Focal Communications Comments").
[24] Intercarrier Compensation Notice, Separate Statement of Chairman Michael K. Powell at 67 (emphasis added).
[25] *Supra in text, and see* ISP Intercarrier Compensation Order at ¶ ¶ 7,8, and 77-88; *In the Matter of Access Charge Reform – Reform of Access Charges Imposed by Competitive Local Exchange Carriers,* CC Docket No. 96-262, 2001 WL 431685 (released April 27, 2001) at ¶¶ 4, 51, 53, and 59-63.
[26] Focal Communications Comments at 15: "Bill-and-keep also would not be competitively neutral because it would create a windfall for ILECs."

intercarrier compensation payments to CLECs from their (ILECs') end users. Thus, any termination of prior reciprocal compensation payments to CLECs without concurrent reductions in end user rates would result in over-recovery by the ILECs. Hence, no adjustment to intercarrier payments should now occur.

This argument is flawed, twice over. First, the CLEC argument rests on the assertion that the NPRM "recognized" a double recovery condition.[27] This mischaracterizes what the NPRM actually said:

> CPNP regimes may be viewed as implicitly embracing the premise that the originating caller receives all the benefits of a call and should, therefore, bear the costs of both origination and termination. Under this reasoning, the originating LEC pays the terminating telecommunications carrier and presumably recovers the payment from the rates charged to the originating caller.[28]

The Commission was analyzing the theoretical implications of cost causer-cost benefit relationships; it was not making factual determinations. It did not find that ILECs were currently collecting any amount (much less a particular amount or an adequate amount) whereby to offset the billions of dollars which the Commission did observe were being paid to CLECs under dubious circumstances.[29] In the course of its analysis, the Commission merely presumed for the sake of argument that ILECs conceptually could or would recover such payments. The NPRM is bereft of any specific factual determinations on this issue, either as to amounts or carriers.

The CLEC comments in question, second, did not remedy this absence of actual Commission findings by supplying independent evidence that end users are in fact

[27] *Id.* at 15-16: "As recognized in the *Intercarrier Compensation NPRM,* ILECs currently recover from their end users the reciprocal compensation payments they make to CLECs [citing ¶ 37]."
[28] Intercarrier Compensation Notice at ¶ 37.
[29] ISP Intercarrier Compensation Order at ¶ 5.

already paying ILECs for such costs. As the Commission acknowledged, ILECs are not free to change end user rates at will:

> We note that CLEC end-user recovery is generally not regulated. As non-dominant carriers, CLECs can charge their end-users what the market will bear….ILEC end-user charges, however, are generally regulated by the Commission, in the case of interstate charges, or by state commissions, for intrastate charges.[30]

Changes in ILEC end-user rates require prior regulatory process and approval. Absent such, the costs in issue (even assuming such costs were material or equivalent in amount to reciprocal compensation payments) could not be reflected in applicable rates; hence, could not be recovered from end users. If not so recovered, there is nothing to double count or over-collect.

Attempts to make 'regulatory certainty' serve a revanchist restoration of the prior, uneconomic, arbitraged regulatory regime should be ignored. The *status quo ante* was characterized by distortions which disserved the public interest and worked economic hardship on carriers victimized by such ploys. Resurrecting that regime would only serve to restore the false incentives to "revise or rearrange…transactions to exploit a more advantageous regulatory treatment, even though such actions, in the absence of regulation, would be viewed as costly or inefficient."[31] The Commission has well-recognized and well-articulated in these proceedings its intent to move circumspectly, but to move forward nonetheless. ITTA believes this measured approach reflects a proper application of the principle of regulatory certainty and will promote the public interest in this docket.

[30] ISP Intercarrier Compensation Order at ¶ 80. n.151.
[31] Intercarrier Compensation Notice ¶ 12.

4. Future service impacts require continuing attention.

Finally, ITTA notes the widespread concern expressed for potential adverse impacts on end users, in terms of the cost and availability of services in the future. To the degree end users will be required to pick up any cost burdens removed from carriers, careful planning and execution will be needed to avoid unintended and undesirable universal service consequences. As one carrier noted:

> Today, carriers receive significant revenues from intercarrier payments. This arose over time in part because of regulators' concerns about universal service. The system results in a particular payment pattern from end users with different services and usage patterns and using different carriers. A new framework, such a bill-and-keep, will produce a different distribution pattern of payments by end users. While the new pattern may be desirable for many reasons, such as improved efficiency, it will change the amounts different customers pay. Thus in adopting any new framework, the Commission must consider the possible effect new patterns of recovery will have on universal service.[32]

These concerns appear to be shared by some state commissions, as well. As the California Public Utilities Commission observed:

> In short, the FCC should be cautious and judicious before revising current compensation schemes in the name of economic efficiency and consistency, where such revisions could result in a transfer of costs currently borne by carriers to captive, end user customers. Competing principles of fairness, maintaining affordability of telecommunications service for all, and avoiding rate shock to consumers must be heavily weighed and accounted for before theoretically "economically rational" approaches to access charges are seriously considered.[33]

As ITTA stated in its initial Comments, consumers are already enduring a rising tide of rate increases, direct and indirect. Other Commission proceedings involving separations and continuing access reform are under way which could further increase this burden. Any reallocation of revenue burdens in this docket must account not only for the

[32] Comments of Verizon at 16.
[33] Comments of the People of the State of California and the California Public Utilities Commission at 4.

internalities of this proceeding, but as well for the practical and collective effect of parallel activities now ongoing, measured against the ability of consumers to absorb such collective effects. Excessive rates would, of course, adversely impact the affordability and availability of consumer services.

The possibility of excessive rates, further, may impair future infrastructure investment. ITTA noted in its Comments that infrastructure investment is a key element in maximizing consumer welfare and benefit in the future. All market participants, incumbent and new entrant alike, have a stake in policies which promote new facilities, and the services such facilities make possible. But if, out of concern for universal service impacts, state commissions prove reluctant to pass this burden on to consumers in their monthly rates, future network investment may be placed at risk:

> Furthermore, to the extent that state commissions are unwilling to allow local carriers to increase their rates to reflect the costs currently recovered in intrastate access charges, a switch to a bill and keep regime will not afford local carriers with an opportunity to recover their legitimate costs of providing service.[34]

This, as ITTA noted in its Comments, is unconstitutional as a matter of law.[35] More immediately, it is undesirable as a matter of policy: the inability to recover past investments will deter carriers from and will impair their ability to make future plant investments. This is contrary to the express desires of Congress and of the Commission, and contrary to the public interest.

[34] Comments of Sprint Corporation at 22.
[35] *See, e.g., Bluefield Water Works & Improvement Company v. P.S.C. of West Virginia*, 262 U.S. 679 (1923); *FPC v. Hope Natural Gas,* 320 U.S. 591 (1944); *Duquesne Light co. v. Barasch*, 488 U.S. 299 (1989).

Conclusion

Clearly, the Commission will face a wide spectrum of issues in its quest to reform the current intercarrier compensation rules. The thought and effort already apparent in the NPRM confirm that the Commission is fully prepared to meet this challenge. ITTA is very much encouraged by the courage of the Commission in embarking upon this course and will work diligently to advance effective and acceptable proposals for reforming current structures. All such proposals should proceed in measured fashion, and should incorporate appropriate modifications or reductions of existing regulations such as those suggested in ITTA's federal legislative initiatives. Any new regime should include reduced levels of regulatory intervention, well below those now ambient in the telecommunications marketplace. And consistent consideration needs to be given to the cumulative impact of regulatory reforms on the affordability and availability of service, and on the infrastructure investment which will make such service universally available to consumers in all parts of the nation.

Respectfully submitted,

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